UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re: BKY CASE No. 03-37759

Shark Industries, Ltd.

Debtor.

DEBTOR'S AMENDED DISCLOSURE STATEMENT

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I.

INTRODUCTION

Shark Industries, Ltd. ("Debtor") filed a case pursuant to Chapter 11 of the United States Bankruptcy Code on November 14, 2003. Debtor is filing this Disclosure Statement ("Disclosure Statement") which has been prepared for the Bankruptcy Court's approval for submission to the holders of the claims and interests with respect to Debtor and its assets. Capitalized terms used in this Disclosure Statement shall have the meanings given to them in the Plan or by the Bankruptcy Code unless the context otherwise requires.

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Debtor is protected by the automatic stay provisions of Section 362 of the Bankruptcy Code while it attempts to present a plan of reorganization to its creditors.

Debtor's Disclosure Statement is furnished pursuant to Section 1125 of the Bankruptcy Code and is intended to provide all persons known to have claims against Debtor with sufficient information to permit them to make an informed judgment as to their votes to accept or reject the Plan. No representations concerning Debtor, particularly as to its future business operations, the value of its property, other than those set forth in this Disclosure Statement, are authorized by Debtor.

ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN THOSE IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND ANY SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR OR TO THE UNITED STATES TRUSTEE, WHO, IN TURN, SHALL DELIVER THIS INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTIONS AS MAY BE DEEMED APPROPRIATE.

THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY DEBTOR BUT HAS NOT BEEN INDEPENDENTLY AUDITED. ALL STATEMENTS CONCERNING FINANCIAL DATA ARE MADE IN GOOD FAITH AND ARE INTENDED TO BE AS COMPLETE AND AS ACCURATE AS POSSIBLE WITHIN THESE LIMITATIONS. BANKRUPTCY COUNSEL FOR DEBTOR HAS NOT VERIFIED ANY OF THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT.

Definitions of terms used in this Disclosure Statement are provided in Article I of Debtor's Plan of Reorganization, which is submitted herewith.

II.

NATURE AND HISTORY OF DEBTOR'S BUSINESS AND EVENTS LEADING TO THE FILING OF THE CHAPTER 11 CASE

A. Organization and Operation.

The Debtor's business was started in 1983 in Waukegan, IL. In 1986, the Debtor relocated to Chicago, IL and continued to operate its business at 1639 West Walnut Street. In October of 2001 the Debtor relocated its business operations to 6700 Bleck Drive, Rockford, MN. The Debtor originally had a product line of approximately 150 products. Today the Debtor has 6,000 products which it sells. Diana Mini is the President of the Debtor. She oversees sales, new product introduction, catalog production, purchasing and sourcing of new vendors. Dean Daniel is the General Manager of the Debtor and in charge of production, packaging, purchasing and inventory and manufacturing related issues. He has been employed by the Company for 12 years. Linda Wasilewksi is the Controller of the Debtor handling accounts payable, accounts receivable and financial statement production. Jennifer Grimes handles invoicing, order entry, customer service and certain accounts receivable functions. The company has 20 employees.

The Debtor sells to warehouse distributors and also produces private brands of automotive abrasives and welding supplies. Its products are sold in the United States and Canada. The Debtor also manufactures abrasive material. The Debtor has over 200 warehouse distributors and customers at present. It imports some products. It repackages all products that it sells. The products are sold to warehouse distributors are in turn resold to retail stores or installers and are used when doing body repair, brake repairs, or other mechanical duties related to automobiles and trucks.

B. Financial History and Events Leading to Filing of Petition.

The Debtor has had historical cash flow problems due to undercapitalization. It has struggled to achieve reasonable growth in its sales. At one point in time it had an SBA loan. In May of 2000, the Debtor changed banking institutions and obtained a line of credit through Wells Fargo Business Credit.

The Debtors fiscal year is February 28. Its sales for fiscal 2001 were \$3,296,000.00. Its sales for fiscal 2002 were \$3,642,000.00. The sales for fiscal 2003 were \$3,768,000.00. The Debtor's sales fell substantially after the terrorist attacks of September 11, 2001. The Debtor also incurred extra ordinary expenses in October of 2001 when it relocated its operations from Chicago, IL to Rockford, MN. Attached as Exhibit E are balance sheets and operating statements for fiscal years ending 2/28/02 and 2/28/03.

The Debtors difficulty with Wells Fargo Business Credit commenced in July 2002 as a result of a technical default (failure to obtain projected profits for fiscal year 2001) in the loan covenants the Debtor had with Wells Fargo Business Credit, Inc. At that point, Wells Fargo Business, Inc. commenced charging the Debtor fees and increased the Debtor's interest rate (retroactive to February 28, 2002 on both the Debtor's line of credit and the Debtor's real estate loan) and at the time the Debtor filed Chapter 11 it was paying interest to Wells Fargo at the rate of 8.5% above prime. According to the Debtor's calculations, in fiscal 2003, it paid bank charges and fees to Wells Fargo Business Credit, Inc. of $164,443.00. These charges were over and above the interest being charged on the Debtor's line of credit.

In addition, the Debtor fell behind in the payment of withholding taxes. In October of 2003, the Internal Revenue Service filed tax liens. Wells Fargo Business Credit, Inc. refused to advance more funds to the Debtor and the Debtor was forced to file for Chapter 11 protection.

C. Operations During Chapter 11

1. Description of Business Operations

The results of the Debtor's operation since it filed Chapter 11 are described on the attached Exhibit D.

2. Retention of Professionals:

The Debtor has retained Steven B. Nosek as Debtor's bankruptcy counsel.

3. The Debtor has a number of executory contracts. Certain contracts and title leases were executed by the Debtor, pre-petition with an entity known as Deerbart Financial Services. Those contracts have been assigned by Deerbart Financial Services to Mid America Bank of Janesville, WI. Those contracts are dealt with separately within the Plan as described below. In addition, the Debtor has certain health insurance contracts. It is the Debtor's intention to assume the health insurance contracts.

III.

CLAIMS AGAINST OTHERS

A. Preferences

The Debtor believes there are preferential transfers which have been made to third parties. The Debtor does not believe that it will be economically beneficial to pursue preferential transfers based upon an analysis conducted by the Debtor. It is the Debtor's view that commencing actions would create additional legal expense that would outweigh the return to the Debtor or its creditors. Many of the transfers made by the Debtor prior to filing Chapter 11 were based upon COD sales made by the Debtor's vendors.

B. Claims Against Insiders

The Debtor does not believe there are recoverable preferential transfers or claims against insiders.

C. Compensation of Officers

The Officers of the Debtor are Dean Daniel and Diana Mini. Ms. Mini's annual compensation is $79,000.00. Mr. Daniel's annual compensation is $94,700.00.

D. Objections to Claims Against Debtor

The claim filing bar date for creditors other than governmental units is March 20, 2004. The claim filing bar date for governmental units is May 12, 2004. The Debtor anticipates asserting certain claim objections.

IV.

DESCRIPTION OF DEBTORS PLAN OF REORGANIZATION

The Debtor's Plan of Reorganization has the following classified claims and interest:

A. Description and Treatment of Classes of Claims

1. Class A Claims - Priority Wage Claims.

This class consists of all Allowed Claims of Debtor's former employees entitled to priority pursuant to Bankruptcy Code § 507(a)(3). These claims are approximately $20,000.00.

Treatment.

Allowed Claims, if any, in this class will be paid in full in Cash upon the Effective Date of the Plan.

2. Class B Claim - Mortgage Claim of Wells Fargo Business Credit, Inc.

This class consists of the claims of Wells Fargo Business Credit, Inc. (“Wells”), secured by a first mortgage on real estate owned by the Debtor. The real estate is located at 6700 Bleck Drive, Rockford, MN 55373. The amount of the claim as of February 29, 2004 is $987,679.31, consisting of a principal balance of $955,559.00, accrued and unpaid interest of $25,946.19 and unpaid attorneys' fees of $6,174.12. The Debtor’s real estate has been appraised as of September 2003 having an estimated market value of $1,950,000.00 and an estimated liquidation value of $1,550,000.00.

Treatment.

The Debtor will cause the Class B Claim to be paid, in full, through monthly payments in the amount of $6,518.00. On the Effective Date, the unpaid principal, including all arrearages, accrued interest and attorneys' fees, will be consolidated. The Debtor will issue to Wells a new promissory note. The note will accrue interest at 2.25% above the prime or base rate of interest charged by the Class B Claimant. Debtor will make monthly payments as stated herein based upon a 20 year amortization schedule until the note matures and is payable in full, which date will be 2 years from the Effective Date.

3. Class C Claim - Line of Credit Claim of Wells Fargo Business, Inc.

This Claim consists of the claim of Wells Fargo Business Credit, Inc. secured by a first security interest on lien on cash, cash equivalents, inventory, equipment, accounts receivable, general intangibles and other assets of the Debtor (excepting the real estate owned by the Debtor). The claim has a balance of approximately $685,000.00. The claim will be paid, in full, on the Effective Date by the Debtor's obtaining a new line of credit from a lender to provide the Debtor with the funds sufficient to pay in full the Class C Claim. Debtor received a proposal in June of 2004 from Crestmark Commercial Finance, Inc., of Minneapolis, MN, to provide a credit facility sufficient to replace and pay the Class C Claim. The proposal is subject to a number of conditions, including, but not limited to, the confirmation of the Debtor’s Plan of Reorganization. The Class C Claim consists of post petition financing provided by Wells Fargo by the Class C Claimant. The Class C Claimant will be replaced by Crestmark Commercial Finance, Inc. The finance rates for loans against accounts receivable and inventory are set forth in the Crestmark proposal, which proposal also contains a description of interest rates and other charges such as monitoring fees, wire transfer fees, annual fees, etc. The fees and interest rates contained in the Crestmark proposal will cost the Debtor less than it is currently paying for interest fees and other charges to the Class C Claimant.

4. Class D - Secured Claim of City of Rockford.

This Claim consists of the alleged Secured Claim of the City of Rockford ("Rockford") secured by a security interest in the Debtor's inventory at Rockford, Minnesota. The Claim amount is $45,000.00 as of the Filing Date.

Treatment.

The claim will be treated as an Unsecured Claim in Class I. The City of Rockford did not perfect its security interest and is therefore an unsecured creditor of the Debtor.

5. Class E - Secured Claim of Small Business Administration.

This Claim consists of the Secured Claim of Small Business Administration, Assignee of Minnesota Business Finance Corp. ("SBA") secured by a mortgage on the Debtor's real property in Rockford, Minnesota. The Claim amount asserted as of 8/04/04 is in the approximate amount of $958,313.00.

Treatment.

The Debtor proposes to grant the Class E Claim and allowed a secured claim in the amount of $490,000.00. The balance of the Class E Claim will be treated as an unsecured claim and will participate in Class I. The Debtor proposes to pay the allowed secured claim of the Class Claimant E by making monthly payments with 5% interest amortized over a period of 20 years. Monthly payments on this obligation will be in the amount of $3,234.00 per month.

6. Class F - Tax Lien Claim of the Internal Revenue Service:

This Class consists of the unsecured priority claim asserted by the Internal Revenue Service. The IRS, prior to bankruptcy, filed a tax lien with the Minnesota Secretary of State. The Debtor alleges that the Claim is in fact a unsecured claim as a result of the operation of 11 U.S.C. §506. The Claim will be paid in accordance with 11 U.S.C.§1129(a)(9)(C). The Secured Claim is alleged to be $121,174.00 as of April 14, 2004. The current interest rate charged by the Internal Revenue Service is 4%. The amount of the Class F Claim will be added to the Unsecured Priority Claim of the Internal Revenue Service in the total amount of approximately $174,103.62, and will be paid in monthly payments of $2,715.31. The Claim will be paid in full with a final payment of $2,715.27 due on 4/15/2010.

7. Class G - Secured Claim of Wright County Economic Development Partnership.

This Claim consists of the Secured Claim of Economic Development Partnership of Wright County, the City of Rockford and the Initiative Foundation ("Wright County") secured by a third mortgage on the Debtor's real property in Rockford, Minnesota and a second priority lien and security interest in the inventory, accounts receivable, equipment and tangibles of the Debtor. The amount of the Claim is approximately $346,719.00.

Treatment.

This Claim will be treated as an unsecured claim in Class I.

8. Class H - Secured Claim of Mid-America Bank.

The claim consists of the Allowed Claim of Mid-America Bank, successor to Deerbart, Inc. The Claim is the amount of $146,245.00.

Treatment.

The Class H Claimant will be allowed a secured claim in the amount of $85,000.00. The balance of the Claim will be treated as an unsecured claim in Class I. The secured portion of the Claim will be paid in equal monthly payments with interest accruing at the rate of 4% per annum. Payments will be made over the 60 months until the Claim is paid in full. The monthly payment to be made to the Class H claimant will be the amount of $1,565.00 per month.

9. Class I - Unsecured Creditors.

This Class consists of the claims of Debtor's Unsecured Creditors. The Debtor believes that the approximate amount of such unsecured claims is approximately $2,200,500.00. (Including disputed claims and the unsecured portion of Claims in Class D, Class, E, Class G and Class H).

Treatment.

Unsecured creditors, holding Allowed Claims, will be paid 5% of the amount of the Allowed Claim in full, complete and total settlement of said claim(s), which settlement amount will be paid on the Effective Date.

10. Class J - Stockholder Interests:

This Class consists of the Shareholder Interests of Shareholders of Debtor as of the Effective Date.

Treatment.

The Shareholders will retain their interests in the Debtor, but will be diluted as the result of additional investors acquiring stock in the Debtor. The current shareholders are not investing additional funds in the Debtor.

CLASSES OF CLAIMS AND INTERESTS IMPAIRED UNDER PLAN

Class A, Class C and Class J are unimpaired under this Plan. All other classes are impaired under the Plan and are entitled to vote on the Plan.

TREATMENT OF CERTAIN PRIORITY CLAIMS

Allowed Claims that are not classified shall be treated as follows:

a. Allowed Administrative Expense Claims, except as otherwise classified herein, and including fees of professionals, shall be paid in full in cash on the Effective Date or as soon as practicable thereafter, or on such other date as the Court may fix, or in the ordinary course of business as the claims mature, or upon such other terms as may be agreed upon by each claimant and Debtor. Debtor estimates that total claims for professional fees will be approximately $20,000.00.

b. Unpaid post-petition Administrative Expense Claims incurred in the ordinary course of Debtor's business will be paid as such claims become due, as agreed between each Claimant and Debtor, or otherwise in the ordinary course of Debtor's business. Debtor believes no unpaid claims in this category are outstanding or exist.

c. Executory contracts or unexpired leases that are assumed by Debtor during the Chapter 11 case will be paid according to the terms of the contracts or leases, or according to the terms of any order of the Court approving assumption of such contract or lease or as otherwise provided for in Debtor's Plan. The Debtor has certain executory contracts which it intends to assume; however, assumption will not give rise to any claims in this category.

d. Holders of allowed claims specified in Bankruptcy Code § 507(a)(8) (certain taxes, but excluding real estate taxes), will be paid in accordance with 11 U.S.C. § 1129(a)(9)(C), at an interest rate equal to 4% per annum.

e. Fees payable by Debtor under 28 U.S.C § 1930 will be paid in full in cash on the Effective Date, the Debtor will continue to report its monthly disbursements and make payments to the U.S. Trustee until no longer legally obligated to do so.

The Debtor is pursuing a plan to continue operation subsequent to approval of its Plan of Reorganization. The Debtor is proposing to refinance certain of its assets through the loan described is in this Disclosure Statement. The Debtor is also seeking investment capital from outside sources. The amount of investment capital the Debtor is seeking to raise is $350,000.00 or more. One of the conditions described in the new financing proposal from Crestmark Commercial Finance, Inc. is that the Debtor obtain new investment capital. The Debtor is currently negotiating with several potential investors. The Debtor's ability to achieve Court confirmation of its Plan is dependent on the Debtors obtaining new financing and equity investment as described in this paragraph. Attached as Exhibit A is a liquidation analysis of the Debtor. Attached as Exhibit B is a year end financial statement as of February 29, 2004. Attached as Exhibit C are financial projections for the Debtor. Attached as Exhibit E are statements of operation for the Debtor for its fiscal years ending February 2002 and February 2003.

V.

COMMITTEE OF UNSECURED CREDITORS

The United States Trustee has appointed a Committee of Unsecured Creditors. Those members are:

1. Vermont Abrasives, Inc.
   Attn: Fred Huber
   178 West Service Road
   Champlain, NY 12919
   Telephone: 800-267-9352

2. Victor Equipment Company
   Attn: Anthony SanGiovanni
   Airport Road
   Denton, TX 76207
   Telephone: 940-381-1249

3. Ballard & Associates, Inc.
Attn: John E. Ballard
5117 West 105th Street
Bloomington, MN 55437
Telephone: 952-893-0695

The Committee of Unsecured Creditors is represented by attorney Matthew Burton of the law firm of Leonard, O'Brien, Spencer, Gale & Sayre, Ltd.,100 South 5th Street, #2500, Minneapolis, MN 55402.

VI.

CONFIRMATION STANDARDS

Before confirmation, the Court must determine whether the Plan has been accepted by the holders of claims in each class considered "impaired" by the Plan. For a class of claims to accept the Plan, an affirmative vote must be cast by those that vote at least two-thirds in amount and more than fifty percent in number of allowed claims.

For a class of interests to accept the Plan, an affirmative vote of at least two-thirds in amount of allowed interests must be cast by those who vote.

The purpose of this Disclosure Statement is to provide the holders of such claims and interests with adequate information about Debtor and its Plan so that they can make an informed judgment about the Plan's merits. Once the Bankruptcy Court Orders approval of the Disclosure Statement and setting the date of the confirmation hearing, a deadline date will be determined by which ballots must be filed with the Clerk of Bankruptcy Court which is earlier than the date of the confirmation hearing. Creditors may vote on the Plan by filling out and mailing the accompanying ballot to the Bankruptcy Court, or if the deadline date by which ballots must be filed allows, they may attend the hearing and present the Ballot in person prior to the time set by the Bankruptcy Court. Pursuant to Bankruptcy Rules 3001 and 3003, claims will be allowed to the extent listed in the Schedules of Debtors, unless scheduled as disputed, contingent or unliquidated or unless a timely proof of claim is filed.

As a creditor, your vote is important. The Plan can be confirmed by the Bankruptcy Court if it is accepted by the holders of two-thirds in amount and more than one-half in number of the claims in each impaired class voting on the Plan. In the event that one or more classes reject the Plan, the Bankruptcy Court may nevertheless confirm the Plan if the Bankruptcy Court finds that the Plan accords fair and equitable treatment to the class rejecting it. This means that, pursuant to 11 U.S.C. § 1129(b), the Plan may be confirmed even if a class of claims or interests rejects the Plan so long as the Plan provides that, with respect to each class of unsecured claims, (1) each holder of a claim or interest in the rejecting class receives the value of that claim or interest; or (2) no holder of a claim or interest junior to those held by members of the rejecting class will receive or retain something under the Plan.

The Plan may be amended or modified in the manner prescribed in 11 U.S.C. §1127 of the Bankruptcy Code. To the extent required under §1127, a holder of a claim or equity interest that has accepted or rejected the Plan shall be deemed to an accepted or rejected, as the case may be, the Plan is modified or amended, unless, within applicable time periods, such holder changes its previous acception or rejection. In addition, the Debtor may revoke and/or withdraw the Plan at any time prior to the Confirmation Date. If the Plan is revoked and/or withdrawn, the Plan will be null and void.

On the Effective Date, accept as otherwise provided in the Plan, all of the Debtor's rights, title and interest in and to its assets, including bankruptcy causes of action, shall be retained by the Debtor. In addition, the Bankruptcy Court shall retain its jurisdiction described in Article 9 of the Debtor's Plan. The purpose of this provision is to allow the Court to resolve certain disputes with respect to the Debtor's Plan.

The Bankruptcy Code contains provisions authorizing the confirmation of a plan even if it is not accepted by all impaired classes, as long as at least one impaired class of claims (without including any acceptance of the plan by any insider) has accepted it. These so-called "cramdown" provisions are set forth in section 1129(b) of the Bankruptcy Code. As indicated above, a plan may be confirmed under the cramdown provisions if, in addition to satisfying the other requirements of section 1129 of the Bankruptcy Code, it (a) is "fair and equitable" and (b) "does not discriminate unfairly" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan. The "fair and equitable" standard, also known as the "absolute priority rule," requires, among other things, that unless a dissenting unsecured class of claims or a class of interests receives full compensation for its allowed claims or allowed interests, no holder of claims or interests in any junior class may receive or retain any property on account of such claims. With respect to a dissenting class of secured claims, the "fair and equitable" standard requires, among other things, that holders either (a) retain their liens and receive deferred cash payments with a value as of the plan's effective date equal to the value of their interest in property of the estate or (b) otherwise receive the indubitable equivalent of their secured claims. The "fair and equitable" standard has been interpreted to prohibit any class senior to a dissenting class from receiving under a plan more than one hundred percent (100%) of its allowed claims. The requirement that a plan not "discriminate unfairly" means, among other things, that a dissenting class must be treated substantially equally with respect to other classes of equal rank.

Notwithstanding acceptance of the Plan by each impaired class or satisfaction of the cramdown requirements, to confirm the Plan the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a claim or interest in any such impaired class who has not voted to accept the Plan. Accordingly, if an impaired class does not unanimously accept the Plan, the best interests test requires that the Bankruptcy Court find that the Plan is in the best interests of each member of such impaired class. This "best interests test" is met if the Plan provides to each member of such impaired class a recovery on account of the class member's claim or interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code on such date.

VII.

CONCLUSION

Debtor believes that acceptance of the Plan is in the best interest of all parties. Debtor urges all holders of claims and interests to vote in favor of the Plan.

Shark Industries, Ltd.

Dated: August 18, 2004.

By: /e/ Diana Mini
Its President

Counsel to the Debtor:

/e/ Steven B. Nosek
Steven B. Nosek, No. 79960
701 Fourth Avenue South
Suite 300
Minneapolis, MN 55415
Telephone: (612) 335-9171

EXHIBIT A
Shark Industries, Ltd. Liquidation Analysis
April 30, 2004

	Current Value	Net Value
Cash	0.00	0.00
Barter Cash	97,400.00	10,000.00 (3)(6)
Accounts Receivable-Trade	493,100.00	345,100.00 (3)
Accounts Receivable-Related Parties	262,800.00	5,000.00 (3)
Inventory	964,400.00	96,000.00 (3)
Prepaid Expenses	127,900.00	0.00
Equipment	242,200.00	100,000.00 (3)
Office Equipment and Fixtures	185,400.00	20,000.00 (3)
Land & Building	2,399,000.00	1,500,000.00 (4)
TOTAL:	$4,772,200.00	$2,076,100.00

NOTES/ASSUMPTIONS:

(1) Current values above are based upon book value. Net values are what the Debtor believes would be the amounts that would be received in a Chapter 7 liquidation case.

(2) All assets are pledged to Wells Fargo Business Credit, Inc. In addition, there are junior lien holders such as the Small Business Administration, the Internal Revenue Service, Wright County Economic Development Partnership and MidAmerican Bank.

(3) Wells Fargo Business Credit is owed approximately $688,000.00 on its line of credit. All liquidation proceeds from cash, accounts receivable, inventory and equipment would (totaling $571,000.00) be paid to Wells Fargo Business Credit.

(4) All real estate and building proceeds would be paid first to Wells Fargo Business Credit and then to the Small Business Association.

(5) If the assets are liquidated by a Chapter 7 Trustee, the Debtor estimates and excess cash over and above amounts paid to Wells Fargo Business Credit, Inc. would be consumed by Chapter 7 expenses projected to be $50,000.00; priority tax claims to the Internal Revenue Service in the approximate amount of $200,000.00, and unpaid Chapter 11 expenses projected to be $50,000.00; unsecured creditors would recover $0.00. As explained in the Disclosure Statement, the Debtor does not believe that

Exhibit A

there is any significant value and potential avoidance, causes of action which could be asserted by a Chapter 7 Trustee.

(6) Barter cash is a asset of the company generated through its participation in three barter systems run by BXI, Illinois Trade and Intagio. The Debtor assumes that any attempt to sell the barter cash for actual cash would generate an amount of not more than 10 cents being offered for the barter cash. The Debtor could advertise this through the internet or could approach the barter companies referenced in this paragraph to liquidate this asset.

BALANCE SHEET

	Year-To-Date As Of 02/29/2004
ASSETS	
CURRENT ASSETS	
CASH	$ 8,847.84
BARTER/TRADE CASH	$ 91,871.34
ACCOUNTS RECEIVABLE	$ 507,165.73
ACCTS REC-INCOME TAX	$ 24,822.00
ACCOUNTS RECEIVABLE BARTER	$ 1,599.36
A/R - RELATED PARTIES	$ 237,370.97
INVENTORY	$ 943,005.11
PREPAID & OTHER	$ 40,747.22
TOTAL CURRENT ASSETS	$ 1,855,429.57
PROPERTY, PLANT & EQUIPMENT	
LAND & BUILDING	$ 2,399,701.46
EQUIPMENT	$ 242,205.30
OFFICE EQUIPMENT & FIXTURES	$ 185,451.58
LESS ACCUMULATED DEPRECIATION	$ (416,915.31)
PROPERTY, PLANT & EQUIPMENT, N	$ 2,410,443.03
LOAN COST, NET	$ 49,700.23
TOTAL ASSETS	$ 4,315,572.83
LIABILITIES AND SHAREHOLDERS EQUITY	
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	1,292,284.15
ACCOUNTS PAYABLE-POST	42,680.46
NOTE PAYABLE - WELLS FARGO BAN	$ 717,243.14
PAYABLEs - OTHER SHORT TER	$ 198,175.79
ACCRUED EXPENSES	$ 335,874.51
TOTAL CURRENT LIABILITIES	$ 2,586,258.05
LONG TERM DEBT	$ 2,302,668.41
TOTAL LIABILITIES	$ 4,888,926.46

EXHIBIT B

SHAREHOLDER'S EQUITY

COMMON STOCK	$	55,500.00
EQUITY PAID IN SURPLUS	$	233,905.00
RETAINED EARNINGS	$	(448,438.12)
CURRENT PROFIT (LOSS)	$	(414,320.51)
TOTAL SHAREHOLDER'S EQUITY	$	(573,353.63)
TOTAL LIAB. & SHAREHDLR EQUITY	$	4,315,572.83

SHARK INDUSTRIES
CASH FLOW
MAR 2004-FEB 2005

		2004 CASH FLOW	
SALES		$ 4,208,508	
RENTAL INCOME		$ 92,220	
CASH INFUSION		$ 350,000	
TOTAL INCOME		**$ 4,650,728**	
EXPENSES:			
PURCHASES		$ 2,525,104	60.0%
FREIGHT		$ 210,425	5.0%
CASH DISCOUNTS		$ 63,128	1.5%
TOTAL PAYROLL EXP		$ 673,361	16.0%
INSURANCE		$ 71,402	1.7%
WAREHOUSE EXP		$ 15,000	0.4%
SALES & MARKETING		$ 239,885	5.7%
PROPERTY TAX		$ 136,000	3.2%
TELEPHONE		$ 12,348	0.3%
BLDG MAINT & REP		$ 16,000	0.4%
UTILITIES		$ 24,264	0.6%
OFFICE EXP		$ 30,782	0.7%
INTEREST		$ 175,000	4.2%
BANK CHARGES		$ 40,000	1.0%
PROFESSIONAL FEES		$ 97,680	2.3%
AUTO		$ 10,884	0.3%
TOTAL EXP		**$ 4,341,263**	
TOTAL INCOME B/4 TAXES		**$ 309,465**	**7.4%**
BEGINNING CASH		**$ 9,028**	
TOTAL INCOME		$ 4,650,728	
TOTAL EXPENSES		$ 4,341,263	
SUB TOTAL		**$ 318,493**	
SBA PAYMENTS		$ 42,000	1.0%
WF BLDG-PRIN		$ 8,000	0.2%
IRS		$ 32,580	0.8%
MID AMER		$ 18,780	0.4%
UNSECURED CREDITOR 5%		$ 100,404	2.4%
ENDING CASH		**$ 116,729**	

Exhibit C

SHARK INDUSTRIES
NOV 2004-MAY 205
PROFIT LOSS

	FY 2004	FY 2004	FY 2004	FY 2004	FY 2005	FY 2005	FY 2006	
	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	TOTAL
SALES	$ 143,283	$ 345,152	$ 324,930	$ 280,905	$ 290,508	$ 297,862	$ 321,613	$2,004,453
PURCHASES	$ 87,279	$ 209,474	$ 194,701	$ 175,027	$ 171,990	$ 175,699	$ 188,904	$1,201,074
PACKAGING	$ 3,450	$ 4,425	$ 3,197	$ 7,503	$ 1,381	$ 1,552	$ 4,252	$ 25,760
PURCHASE DISCOUNTS	$ (129)	$ (238)	$ 249	$ 19		$ (25)	$ (10)	$ (134)
FREIGHT OUT	$ 5,929	$ 10,509	$ 7,885	$ 10,428	$ 9,808	$ 10,547	$ 11,283	$ 66,389
FREIGHT IN	$ 10,130	$ 9,628	$ 11,342	$ 20,745	$ 5,328	$ 3,722	$ (8,899)	$ 51,996
SALES CASH DISCOUNTS	$ 4,523	$ 4,404	$ 3,162	$ 4,747	$ 5,136	$ 4,101	$ 4,183	$ 30,256
WH SALARIES	$ 16,509	$ 22,261	$ 29,738	$ 16,366	$ 25,346	$ 22,341	$ 22,239	$ 154,800
WH PAYROLL TAX	$ 1,227	$ 1,664	$ 1,641	$ 1,687	$ 1,256	$ 2,203	$ 1,669	$ 11,347
WH BENEFITS	$ 1,665	$ 1,816	$ 1,720	$ 1,754	$ 2,177	$ 404	$ 938	$ 10,474
WH EXPENSE	$ 93	$ 102	$ 231	$ 668	$ 1,159	$ 240	$ 891	$ 3,184
WH TEMP HELP						$ 75		$ 75
TOTAL WH EXP	$ 130,676	$ 264,045	$ 253,886	$ 238,924	$ 223,581	$ 220,859	$ 223,250	$1,565,221
GROSS PROFIT	$ 12,607	$ 81,107	$ 71,044	$ 41,981	$ 66,927	$ 77,003	$ 98,563	$ 449,232
S&M COMMISSIONS	$ 8,016	$ 12,423	$ 9,020	$ 6,082	$ 8,224	$ 8,726	$ 13,079	$ 63,570
TRAVEL & ENT		$ 95				$ 646		$ 741
TRAVEL AIRFARE	$ 343			$ 500			$ 2,386	$ 3,229
BUSINESS MEALS					$ 144	$ 697	$ 9	$ 850
AUTO		$ 181	$ 392	$ 325	$ 234	$ 1,215	$ 958	$ 3,305
LODGING						$ 2,158	$ 471	$ 2,629
S&M ADVERTISING	$ 1,623	$ 1,236	$ 1,433	$ 1,266	$ 1,917	$ 1,698	$ 1,628	$ 10,801
S&M CATALOG.	$ 1,017	$ 1,544	$ 162	$ 3,306			$ 1,146	$ 7,175
S&M NEW PKG DESIGN	$ 1,166	$ 1,166	$ 1,166	$ 1,166	$ 1,166	$ 1,166	$ 1,166	$ 8,162
S&M SHOW EXPENSE	$ (50)		$ 1,750	$ 190	$ 2,244	$ 870	$ 1,600	$ 6,604
S&M PROMOTIONS	$ 421	$ 421	$ 421	$ 423				$ 1,688
TOTAL SALES & MARKETING	$ 12,538	$ 17,066	$ 14,344	$ 13,258	$ 13,929	$ 15,176	$ 22,443	$ 108,752
SALARIES-OFFICER	$ 6,080	$ 6,080	$ 7,600	$ 7,600	$ 6,992	$ 6,688	$ 6,384	$ 47,424
SALARIES-OTHER	$ 17,378	$ 19,272	$ 21,222	$ 24,786	$ 21,543	$ 21,135	$ 19,307	$ 144,643
SUBCONTRACT			$ -	$ 900				$ 900
PAYROLL TAXES	$ 2,064	$ 2,061	$ 3,578	$ 3,207	$ 3,407	$ 4,420	$ 2,833	$ 21,570
BENEFITS	$ 1,082	$ 1,082	$ 1,082	$ 1,083	$ 1,916	$ 519	$ 1,948	$ 8,714
INSURANCE	$ 1,612	$ 3,509	$ 3,000	$ 16,567	$ 3,348	$ 2,637	$ 3,516	$ 34,389
POSTAGE	$ 1,317	$ 282	$ 382	$ 455	$ 171	$ 346	$ 120	$ 3,073
OFFICE EXP	$ (761)	$ 804	$ 586	$ 1,409	$ 665	$ 467	$ 653	$ 3,823
OUTSIDE SERVICES					$ 48	$ 2,124	$ 1,394	$ 3,566
PROPERTY TAX	$ 5,668	$ 5,668	$ 5,658	$ 5,666	$ 5,866	$ 5,666	$ 5,666	$ 39,668
PAYROLL SERVICE			$ 413	$ 622	$ 438		$ (96)	$ 1,377
DUES & PUB							$ 199	$ 199
BARTER FEES		$ 625	$ 415	$ 1,425	$ 745	$ 25	$ 951	$ 4,186
BAD DEBT EXP	$ (96)	$ 511		$ 6,381	$ 370	$ (483)	$ (47)	$ 6,636
TELEPHNE EXP	$ 1,210	$ 1,210	$ 1,210	$ 1,216	$ 1,735	$ 167	$ 804	$ 7,552
BLDG MAINT & REPAIR		$ 150	$ 700	$ 1,666	$ 1,819		$ (34)	$ 4,303
ELECTRIC	$ 2,432	$ 63	$ 1,209	$ 845	$ 1,049	$ 1,284	$ 1,071	$ 7,953
GAS	$ 1,388	$ (97)	$ (1,613)	$ 3,875	$ 570	$ 138	$ 542	$ 4,803
WATER	$ 275	$ 275	$ 275	$ 281	$ 529	$ 208	$ 915	$ 2,756
MISC							$ 52	$ 52
TOTAL G&A EXP	$ 39,649	$ 41,495	$ 45,527	$ 77,986	$ 51,011	$ 45,539	$ 48,180	$ 347,387
OPERATING INCOME(LOSS)	$ (39,578)	$ 22,546	$ 11,173	$ (49,263)	$ 1,987	$ 16,288	$ 29,940	$ (6,907)
INTEREST EXP-OTHER	$ 5,163	$ 5,163	$ 5,163	$ 5,161				
INTEREST-WELLS FARGO	$ 18,021	$ 13,897	$ 11,723	$ 23,807	$ 12,022	$ 11,509	$ 12,284	$ 103,063
BANK CHARGES	$ 17,901	$ 7,516	$ 1,670	$ 9,789	$ 1,859	$ 1,741	$ 4,457	$ 44,943
PROFESSIONAL FEES	$ 7,770	$ 7,770	$ 7,770	$ 7,768	$ 7,500	$ 7,500	$ 7,700	$ 53,778
DEPRECIATION	$ 8,556	$ 8,556	$ 8,556	$ 8,565	$ 6,000	$ 6,000	$ 6,000	$ 52,233
AMORITIZATION	$ 288	$ 288	$ 288	$ 288	$ 596	$ 595	$ 596	$ 2,939
MISC INCOME(EXP)								$ -
MISC UTIL/RENT INCOME	$ (7,685)	$ (7,685)	$ (7,685)	$ (7,685)	$ (7,885)	$ (7,685)	$ (7,685)	$ (53,795)
TOTAL OTHER INCOME(EXP)	$ 50,014	$ 35,305	$ 27,486	$ 47,693	$ 20,292	$ 19,660	$ 23,362	$ 203,161
NET INCOME(LOSS) B/4 IT	$ (89,592)	$ (12,759)	$ (16,312)	$ (96,956)	$ (18,305)	$ (3,372)	$ 6,578	$ (210,068)

EXHIBIT D

SHARK INDUSTRIES, LTD.

Statement of Financial Position

For the Years ended February 29, 2004 and February 28, 2003

ASSETS

	2004		2003	
CURRENT ASSETS				
Cash		$ 8,848		$ 10,624
Accounts Receivable-Trade	$ 507,166		$ 427,629	
Accounts Receivable-Barter	93,471	600,637	49,212	476,841
Inventories		955,967		1,275,926
Prepaid Insurance		—		9,672
Prepaid Expenses		27,786		49,067
TOTAL CURRENT ASSETS		$ 1,593,238		$ 1,822,130
PROPERTY & EQUIPMENT				
Building	2,046,943		2,046,943	
Building Improvements	17,859		17,859	
Land	334,900		334,900	
Tool and Dies	69,297		69,297	
Machinery	172,908		172,908	
Computer Equipment	46,027		46,117	
Vehicles	30,451		30,451	
Furniture and Fixtures	108,973		108,973	
	2,827,368		2,827,448	
Less: Accumulated Depreciation	416,914	2,410,444	314,234	2,513,214
OTHER ASSETS				
Debt Issue Costs	88,334		71,384	
Less: Accumulated Amortization	(38,634)		(18,233)	
	49,700		53,151	
Income Tax Receivable	24,822		24,822	
Due from Affiliate	237,371	311,893	243,080	
TOTAL ASSETS		$ 4,315,575		$ 4,658,053

Exhibit

See Accountants Review Report and Accompanying Notes.

LIABILITIES AND SHAREHOLDER'S EQUITY

		2004		2003
CURRENT LIABILTIES				
Accounts Payable		$ 1,344,297		$ 1,067,486
Note Payable-Line of Credit		717,243		1,959,496
Current Maturities of Long-term Debt		166,685		105,917
Due to Affiliate		9,484		40,681
Accrued Income Taxes		16,157		17,888
Accrued Property Taxes		68,014		---
Notes Payable - Trade		---		127,232
Accrued Outside Services		12,255		---
Accrued Wages		46,810		1,787
Accrued Taxes and Interest		212,642		79,555
TOTAL CURRENT LIABILITIES		2,593,587		3,400,042
LONG-TERM DEBT				
Due to Employee		67,024		80,436
Due to Officer		7,795		3,005
Notes Payable	$2,387,206		$ 1,437,864	
Less: Current Portion above	166,685	2,220,521	105,917	1,331,947
		2,295,340		1,415,388
SHAREHOLDER'S EQUITY				
Common Stock- No Par Value, 1,000,000 shares authorized, 55,500 shares issued and outstanding	55,500		55,500	
Paid in Surplus	233,905		233,905	
Retained Earnings	(862,757)	(573,352)	(448,438)	(159,033)
		$ 4,315,575		$ 4,656,397

See Accountants Review Report and Accompanying Notes.

SHARK INDUSTRIES, LTD.

Statement of Earnings

For the Years ended February 29, 2004 and February 28, 2003

	2004		2003	
Sales-Net		$ 3,712,170		$ 3,591,747
Cost of Sales		2,339,067		2,489,667
Gross Profit on Sales		1,373,103		1,102,080
Warehouse Expenses	$ 429,635		$ 473,484	
Sales Expenses	347,563		337,106	
Administrative Expenses	852,186	1,629,384	597,085	1,407,675
Earnings before Other Income (Expenses)		(256,281)		(305,595)
Other Income (Expense)				
Miscellaneous Income	92,220		99,243	
Interest Expense	(249,259)		(309,297)	—
Extraordinary Direct Expense (Prior Year)	—	(157,038)	(205,531)	(415,585)
Earnings before provision for Income Taxes		413,319		(721,180)
Provision for Income Taxes		1,000		(23,822)
Net Earnings		$ (414,319)		$ (697,358)

See Accountants Review Report and Accompanying Notes.

SHARK INDUSTRIES, LTD.

Statement of Financial Position

For the Years ended February 28, 2003 and 2002

ASSETS

	2003		2002	
CURRENT ASSETS				
Cash		$ 10,624		$ 7,126
Due from LaSalle Bank		---		10,739
Accounts Receivable-Trade	$ 478,234		$ 603,094	
Accounts Receivable-Barter	49,212	527,446	62,781	665,875
Inventories		1,275,926		1,194,379
Prepaid Insurance		9,672		4,780
Employee Advances		---		9,135
Prepaid Expenses		49,067		196,753
TOTAL CURRENT ASSETS		$ 1,872,735		$ 2,088,787
PROPERTY & EQUIPMENT				
Building	$ 2,046,943		$ 2,046,943	
Building Improvements	17,859		---	
Land	334,900		334,900	
Tool and Dies	69,297		63,222	
Machinery	172,908		27,197	
Computer Equipment	46,117		38,759	
Vehicles	30,451		30,451	
Furniture and Fixtures	108,973		106,494	
	2,827,448		2,647,966	
Less:				
Accumulated Depreciation	314,234	2,513,214	216,965	2,431,001
OTHER ASSETS				
Debt Issue Costs	$ 71,384		$ 88,334	
Less				
Accumulated Amortization	(18,233)		(28,037)	
	53,151		60,297	
Income Tax Receivable	24,822		---	
Note Receivable-Officer Shareholder	---		70,462	
Due from Affiliate	243,080	321,053	124,380	255,139
TOTAL ASSETS		$ 4,707,002		$ 4,774,927

See Accountants Review Report and Accompanying Notes.

LIABILITIES AND SHAREHOLDER'S EQUITY

	2003		2002	
CURRENT LIABILTIES				
Accounts Payable		1,067,486		$ 857,919
Note Payable-Line of Credit		1,959,496		1,952,418
Current Maturities of Long-term Debt		105,917		58,815
Due to Affiliate		40,681		89,665
Accrued Income Taxes		---		34,059
Notes Payable - Trade		127,232		---
Accrued Wages		1,787		---
Accrued Taxes		97,443		14,309
TOTAL CURRENT LIABILITIES		$ 3,400,042		$ 3,007,185
LONG-TERM DEBT				
Due to Employee		$ 80,436		---
Due to Officer		3,005		---
Notes Payable	$ 1,437,864		$ 1,288,232	
Less:				
Current Portion above	105,917	1,331,947	58,815	1,229,417
		1,415,388		1,229,417
SHAREHOLDER'S EQUITY				
Common Stock- No Par Value, 1,000,000 shares authorized, 55,500 shares Issued and outstanding	55,500		55,500	
Paid in Surplus	233,905		233,905	
Retained Earnings	(397,833)	(108,428)	248,920	538,325
		$ 4,707,002		$ 4,774,927

See Accountants Review Report and Accompanying Notes.

SHARK INDUSTRIES, LTD.

Statement of Earnings

Years Ended February 28,

	2003		2002	
Sales-Net		$ 3,642,352		$ 3,296,899
Cost of Sales		2,489,667		1,944,892
Gross Profit on Sales		1,152,685		1,352,007
Warehouse Expenses	$ 473,484		$ 461,334	
Sales Expenses	337,106		239,786	
Administrative Expenses	597,085	1,407,675	527,568	1,228,688
Earnings before Other Income (Expenses)		(254,990)		123,319
Other Income (Expense)				
Miscellaneous Income	99,243		45,518	
Interest Expense	(309,297)		(110,527)	---
Extraordinary Direct Expense (Prior Year)	(205,531)	(415,585)	---	(65,009)
Earnings before provision for Income Taxes		(670,575)		58,310
Provision for Income Taxes		(23,822)		(16,086)
Net Earnings		$ (646,753)		$ 42,224

See Accountants Review Report and Accompanying Notes.